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CFAC, BPA take big step toward lower regional power rates

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Bonneville Power Administration

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CONTACTS: [Ed Mosey](#) or [Mike Hansen](#), BPA (503) 230-5131

PORTLAND, Ore. – The Bonneville Power Administration (BPA) and Columbia Falls Aluminum Company (CFAC), located near Kalispell, Mont., have agreed on a curtailment of the plant's power supply from BPA for up to two years. The pact covers most of the 171 megawatts CFAC would purchase from BPA under a contract commencing Oct. 1, 2001.

"This agreement, like the one announced last week with Alcoa, provides a significant portion of the load reduction BPA needs to avoid very large rate increases this fall," said Steve Wright, acting administrator of BPA. "We believe that these two agreements demonstrate that the aluminum industry can suspend operations for a short period with the intent of restarting when wholesale power prices decline."

BPA does not have sufficient supply to serve all of its customers' requirements. By negotiating agreements with the aluminum companies to stay out of production for up to two years, the agency hopes to avoid purchasing power in the market. Absent load reductions by the companies and BPA's utility customers, wholesale rates could more than triple on Oct. 1.

Wright added, "The high cost of wholesale power in the market would most likely have forced the companies to shut down anyway, so helping them to maintain a paid work force until prices come down is the best possible outcome for all concerned."

The agreement calls for reductions in power deliveries to CFAC as follows:
167 megawatts through Sept. 30, 2002; and 100 megawatts from Oct. 1, 2002, through Sept. 30, 2003.
Affected workers at CFAC will receive pay and benefits while the potlines are idle.

BPA will fund the workers' compensation. This is intended to help keep a workforce in the area so that the plant can restart when conditions allow, and to cushion the impact on the local economy.

Wright said the agreements should help dispel the notion that BPA's call for a temporary curtailment of aluminum production will ultimately lead to the demise of the industry.

"I commend both Alcoa and CFAC for making these commitments," Wright said. "These agreements protect aluminum workers while holding down rates, thereby preserving many thousands of jobs in other industries throughout the region."

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